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DE RUEHSK #1061/01 3621415
ZNY CCCCC ZZH
P 281415Z DEC 07 ZDK
FM AMEMBASSY MINSK
TO RUEHC/SECSTATE WASHDC PRIORITY 6765
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 MINSK 001061

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E.O. 12958: DECL: 12/27/2017

TAGS: [PREL](#) [ECON](#) [PINR](#) [BO](#) [RS](#)

SUBJECT: RUSSIAN AMBASSADOR ON REFORM IN BELARUS: FREE
MARKET FIRST

REF: A. MINSK 1035

[1](#)B. MINSK 1024

[1](#)C. MINSK 1032

[1](#)D. 06 MINSK 1231

[1](#)E. MOSCOW 4315

Classified By: Charge Jonathan Moore for reasons 1.4 (b) and (d).

Summary

[1](#)1. (C) Ambassador met December 19 with Russian Ambassador Aleksandr Surikov to compare notes on recent Presidential interactions with Belarus -- the December 7 White House meeting with a delegation of Belarusian opposition leaders and the December 13-14 visit to Minsk of Vladimir Putin. Surikov, who offered no insight into key Lukashenko-Putin discussions, stated that "reforming" Belarus' state-run economy is Russia's highest bilateral priority. In the midst of candid remarks referring directly to "political prisoners" in Belarus -- whose release the Russians claim to have advocated to the GOB -- and the "totalitarian" nature of the regime, Surikov confirmed that the price for natural gas of USD 119/tcm is guaranteed only for the first quarter of CY 2008 and could go up afterwards. End summary.

Belarusians visit Washington...

[1](#)2. (C) Ambassador began the meeting by giving Surikov a precis of the December 3-8 travel to Washington of a seven-member delegation made up of Belarusian opposition political leaders and NGO activists (ref A). She explained the USG's continuing interest in respect for human rights in Belarus, including hopes for free and fair elections and more freedom for the independent media. With the December 13-20 hospitalization of 19-year-old "Malady (Young) Front" leader Dmitriy Fedaruk -- beaten while protesting against Putin's visit (ref B) -- as a backdrop, Ambassador noted Fedaruk's interaction with President Bush in the Oval Office on faith and youth activities.

[1](#)3. (C) Surikov seemed uninterested and did not inquire about the specifics of the opposition visit, choosing only to state "democracy cannot exist without a middle class," and that therefore economic reform -- under Russian guidance and a main reason for Putin's visit (ref C) -- is the only way to address the political situation in Belarus.

...and Putin visits Belarus

[1](#)4. (C) In the context of Putin's December 13-14 visit, Surikov began a lengthy presentation on Russian largesse towards Belarus by decrying the Lukashenko regime. He criticized the authorities for "applying force" and for blocking "free information." In contrast, Surikov cited Poland and the Baltic states as positive examples of

democratic transitions supported by economic reforms, and added that Germany would not now be a democracy without the Marshall Plan. Therefore, he said, Russia would help facilitate movement towards a free market economy, as "this is our contribution to democracy." Surikov noted that the USD 1.5 billion credit to Belarus confirmed during the Putin visit was part of their strategy: "We do this hoping that Belarus will not become more totalitarian."

15. (C) Surikov observed in passing that Russian-Belarusian political cooperation, including long-term joint military and border control efforts, remained on track. With the Belarusian opposition in mind, he argued that "using force" will not bring democracy, when there is only a "narrow level" of Belarusian society that is currently interested in democratic reform. Admitting the existence of political prisoners and the importance of progress towards their release, Surikov opined that "if they release them, they will just arrest others."

16. (C) Ambassador responded to Surikov, explaining that USG would continue to insist on political progress before any improvement in relations is possible. The Russian Ambassador was clearly fixated on his economic points, stating rather oddly that the USD 1.5 billion credit was "not help to the Belarusian government, but help to the Belarusian economy", but conceded that "the people of Belarus have to understand that democracy brings success."

17. (C) Similar views were offered to A/DCM December 26 by Counselor Vladimir Pavlovich Pavlenko, head of the Russian Embassy's political-internal section for bilateral relations. Pavlenko reiterated that that Russia was interested in evolution in Belarus, particularly in the economic sphere,

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rather than in revolution. (Note: When A/DCM noted that Western insistence on freedom for the six political prisoners was hardly "revolutionary," Pavlenko responded that the Russian Embassy had urged GOB contacts to "be the bigger men" and release the prisoners, but the request had been shrugged off. End note.) Pavlenko said that as part of the Putin visit Belarus had appealed for a large cash subsidy -- "like the U.S. gives Israel" -- but that such aid had been refused.

Pavlenko characterized the USD 1.5 billion loan granted to Belarus as an investment in regional stability, hinting that a future USD 2 billion loan could be conditioned by the ability of Russian interests to purchase controlling stakes in GOB-owned energy firms like Naftan or the Mozyr refinery (of which Russian firms already control 42 percent).

Natural Gas Prices

18. (C) In response to the Ambassador's question, Surikov was very intent on noting that the USD 119/tcm price was for the first quarter of 2008 only, and that it could rise as soon as April 2008. The price would continue to rise over time as previously agreed, with targets of 67 percent of the world price in 2008, 80 percent in 2009, 90 percent in 2010, and 100 percent in 2011.

Atmospherics

19. (C) Surikov, courtly and heavy-lidded, remained in the Ambassador's office for nearly two hours and noted with relief that he was returning to his native Altai region for the holidays. He was somewhat more relaxed and open than in his first meeting with the Ambassador (ref D), where his predictions of gas prices turned out to be fully on target. Surikov's harsh comments on Belarus and other interesting asides -- including a comment that "in Russia, we have far from a perfect democracy" -- were not recorded by the diplomats (Senior Counselor Vladimir Tararov and Attache Nataliya Filipova, Surikov's assistant and English-language

interpreter) who accompanied him and otherwise took copious notes.

Comment

¶10. (C) The Russian Ambassador's core message -- Belarus needs economic reform first and foremost -- is not new; it has been discussed by lower Russian officials before (ref E).

It is nevertheless striking to see the resident Russian Ambassador embrace the idea in such an evangelical fashion. While Russian interest has been expressed in energy sector assets -- such as those connected to transit of natural gas and production of oil products -- it seems unlikely to us here that any Muscovite oligarch is champing at the bit to acquire Belarusian television or refrigerator factories, or that the ridiculously subsidized Belarusian agricultural sector is a tempting target. There would be merit in removing the profits of state-controlled businesses from the Belarusian regime -- hence recent USG sanctions against GOB-owned energy conglomerate Belneftekhim -- although Lukashenko-controlled privatization in the name of reform could give the dictator a huge if short-term economic windfall. (It is worth noting that Russian bidders would likely be the best-funded and most interested participants even if privatization of GOB state assets were fully transparent, a fact some of the democratic opposition are reluctant to acknowledge.) In any case, current economic problems here -- which will not be solved by stop-gap Russian loans -- continue to be a long-term factor in weakening the regime, one we can continue to exploit with our own (and European) political and economic pressure.

MOORE